



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-11, California State Income Tax Withholding

Date: May 7, 2004

To: Holders of TAXES (State of California only)
Personnel User Groups
T&A Contact Points in California

Beginning with wages paid for Pay Period 9, the National Finance Center (NFC) will make the following changes to the state of California income tax withholdings:

- The low income exemption amount for Married with zero (0) or 1 allowance and Single will increase from \$9,958 to \$10,177.
- The low income exemption amount for Married with 2 or more allowances and Head of Household will increase from \$19,865 to \$20,302.
- The standard deduction for Married with zero (0) or 1 allowance and Single will increase from \$3,004 to \$3,070.
- The standard deduction for Married with 2 or more allowances and Head of Household will increase from \$6,008 to \$6,140.
- The Single, Married, and Head of Household withholding tables will change.
- The annual personal exemption tax credit will increase from \$80 to \$82.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

PENNY W. FORBES, Acting Director
Government Employees Services Division

California State Income Tax Information

State Abbreviation:	CA
State Tax Withholding State Code:	06
Acceptable Exemption Form:	DE-4 or W-4
Basis For Withholding:	State or Federal Exemptions
Acceptable Exemption Data:	S, M, H / Number of Regular Allowances / Number of Allowances
TSP Deferred:	Yes
Special Coding:	Determine the Total Number Of Allowances field as follows: First Position - Enter the employee's marital status indicated on the allowance certificate. Enter M (married), S (single), or H (head of household). Second and Third Positions - Enter the total number of regular allowances claimed in Item 1 of the DE-4. If less than 10, precede with a zero. If no exemptions are claimed, enter 00. Determine the Additional Exemptions Claimed field as follows: First and Second Positions - Enter the number of allowances claimed in Item 2 of the DE-4. If less than 10, precede with a zero. If no allowances are claimed, enter 00.
Additional Information:	If the employee is using a W-4 in lieu of the California state DE-4, the information for the Additional Exemptions Claimed field should be noted on the W-4.

Withholding Formula ►(Effective Pay Period 9, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine if the employee's gross annual wages are less than or equal to the amount shown in the Low Income Exemption Table below. If so, no income tax is to be withheld.

Low Income Exemption Table

Single	Exemptions	Married Annual Wages	Head of Household
\$ ►10,177	0 or 1 ¹	\$ 10,177	\$ 20,302
	2 or more ¹	20,302◄	

¹ Number of **regular** allowances claimed on DE-4 or W-4

6. Determine the **additional withholding allowance for itemized deductions** (AWAID) by applying the following guideline and subtract this amount from the gross annual wages.

AWAID = \$1,000 x Number of **Itemized** Allowances Claimed for **Itemized** Deductions on DE-4 or W-4

7. Subtract the standard deduction shown in the following table from the result of step 6 to determine the taxable income.

Standard Deduction Table

Single	Exemptions	Married Annual Wages	Head of Household
\$ ▶ 3,070	0 or 1 ¹	\$ 3,070	\$ 6,140
	2 or more ¹	6,140 ◀	

¹ Number of **regular** allowances claimed on DE-4 or W-4

8. Apply the taxable income computed in step 7 to the following table to determine the annual California tax withholding.

Tax Withholding Table
Single

▶ If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:				Of Excess Over:
Over:	But Not Over:					
\$ 0	\$ 5,962	\$ 0.00	plus	1.0%		\$ 0
5,962	14,133	59.62	plus	2.0%		5,962
14,133	22,306	223.04	plus	4.0%		14,133
22,306	30,965	549.96	plus	6.0%		22,306
30,965	39,133	1,069.50	plus	8.0%		30,965
39,133	and over	1,722.94	plus	9.3%		39,133

Married

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:				Of Excess Over:
Over:	But Not Over:					
\$ 0	\$ 11,924	\$ 0.00	plus	1.0%		\$ 0
11,924	28,266	119.24	plus	2.0%		11,924
28,266	44,612	446.08	plus	4.0%		28,266
44,612	61,930	1,099.92	plus	6.0%		44,612
61,930	78,266	2,139.00	plus	8.0%		61,930
78,266	and over	3,445.88	plus	9.3%		78,266 ◀

Head of Household

► If the Amount of
Taxable Income Is:

The Amount of California
Tax Withholding Should Be:

Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 11,930	\$ 0.00	plus	1.0%	\$ 0
11,930	28,267	119.30	plus	2.0%	11,930
28,267	36,437	446.04	plus	4.0%	28,267
36,437	45,096	772.84	plus	6.0%	36,437
45,096	53,267	1,292.38	plus	8.0%	45,096
53,267	and over	1,946.06	plus	9.3%	53,267 ◀

9. Determine the tax credit by applying the following guideline and subtract this amount from the result of step 8.

Tax Credit = ►\$82◀ x Number of **Regular** Allowances Claimed on DE-4 or W-4

10. Divide the annual California tax withholding by 26 to obtain the biweekly California tax withholding.